

Utah Committee of Consumer Services

Your Residential and Small Commercial Utility Consumer Advocate

Consumer Newsletter

Utah Department of Commerce

Utilities Claim Utah's Growth Is Driving Up Rates



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**THE UTAH
COMMITTEE
OF CONSUMER
SERVICES
ASSESSES THE
IMPACT OF
UTILITY RATE
CHANGES ON
SMALL
CONSUMERS**

Michele Beck, Director
Chris Keyser, Editor

Two Utah utilities want to increase consumers' energy rates. Rocky Mountain Power (RMP) and Questar Gas Corporation (QGC) have recently filed before the Public Service Commission of Utah (PSC or Commission) for authorization to increase their rates in Utah, effective August 2008.

Both utilities assert that the key factors driving the rate increases are high growth and demand. Utah is one of the fastest growing states in the nation and it also happens to lead the nation in "supersized"

homes, according to the U.S. Census Bureau.

RMP, the utility that provides electricity to almost 800,000 customers in Utah, has requested a \$161 million rate increase to meet Utah's high growth demands. This equates to a 11.3 percent increase or \$4.50 increase per month on average for a typical residential customer, if approved.

Questar Gas has asked the PSC for a \$27 million rate increase which, if approved, would raise the monthly natural gas bill for the typical residential

customer by about 7 percent or \$3.92 per month.

The Committee of Consumer Services (CCS or Committee) has assembled a team of experts to scrutinize all components of the filings to ensure that all proposed rate increases are justified.

The Committee of Consumer Services will thoroughly assess the prudence of the utilities' proposed rate changes.

Utility Regulation: The Rate Setting Process

Today, utility regulation is getting more attention and interest from the public. Consumers want to know more about the rate setting process. The following addresses questions commonly asked:

What happens when a utility company asks for a rate increase? A rate

case begins when a utility submits a written application to the Utah Public Service Commission for a change in rates. The application must include documents supporting the request and information on current and projected expenses. Under state law, the PSC must rule on

rate cases within 240 days after an application is filed or the proposed increase goes into effect automatically.

Each rate case is thoroughly investigated. During the investigation, the Committee, the Division of Public Utilities (DPU),
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and other intervenors (low-income advocates, industrial advocates, etc.) prepare recommendations for presentation to the Commission. Those recommendations are in the form of testimony and exhibits which are filed and then presented during public hearings.

Rate hearings provide the Commission with the evidence and testimony it needs to make an informed decision. During the hearing, evidence and testimony are presented by the Utility, the Committee, DPU and any intervenors through established procedures. The public is also given an opportunity to express their views in a scheduled public witness hearing or through email statements and letters submitted to the PSC. Commissioners review and consider these public opinions before a final decision is made.

After all the facts have been

gathered and reviewed, the Commissioners issue an order, which is binding on all parties. The order contains a summary of the issues and evidence presented in the case and explains the reason for the PSC's decision. This information is made public and is posted on the PSC's Web site. After the Commission's order is issued, the rate case is complete, unless appealed.

What major issues are considered and decided in a rate case? In a rate case, the Commission must determine the following factors:

1. Revenue Requirement—the amount of money that the utility is allowed to collect from its customers to cover its operating expenses and earn a fair return on its capital investment.
2. Rate Spread—how the revenue requirement is allocated among the various customer classes (residential, commercial,

industrial, etc.). Rate spread is based on the principle of cost-of-service; the charges levied against customer should be proportional to the expense of serving that customer.

3. Rate Design—how the revenue allocated to a particular class will be collected through various rate components (energy charge, demand charge, customer charge, etc.).

Who represents the small consumer interests? The Committee of Consumer Services is a state agency with the statutory responsibility to assess the impact of utility rate changes on small business owners, farmers and residential consumers and advocate on their behalf.

Additional articles on the major rate case issues will follow in upcoming newsletters.

CCS Looks Ahead to the New Year

When CCS Director Michele Beck was appointed by Governor Huntsman last year, she stated that one of her goals for the Committee was to expand consumer outreach and education—and it is happening! The Utah Committee of Consumer Services (CCS) will be launching

its new “consumer-friendly” Web site this spring. The new Web site will provide additional value to the residential and small business communities. It will include *Quick Links* that take viewers directly to energy conservation incentives, energy bill assistance programs, and briefings

of current utility issues. And, for those who want a better understanding of the complicated world of utility service, an entire section will be devoted to general education—for adults and students. CCS looks forward to another year of reaching out and connecting with consumers.

What Consumers Need to Know about VoIP and 911 Service

Voice over Internet Protocol (VoIP) is a technology for communicating using “Internet protocol” instead of traditional analog systems. Some VoIP services need only a regular phone connection, while others use an Internet connection instead. Some VoIP services may allow you to only call people using the same service, while others may allow you to call any telephone number—including local, long distance, wireless, and international numbers.

If you are considering replacing your traditional telephone service with VoIP, you should know that some VoIP service providers may have limitations.

Recent reports of the inability of consumers to access life-saving 911 emergency services while using Voice over Internet Protocol (VoIP) services have highlighted some public safety challenges. In response to these challenges, the Federal Communications Commission (FCC) has taken action to make sure that emergency calls from these VoIP services will get through to the appropriate public safety authorities.

To reduce any possible risks to public safety posed by interconnected VoIP 911 service, the FCC requires all interconnected VoIP providers to do the following:

- Automatically provide 911 service to all their customers as a standard, mandatory feature without customers having to specifically request this service.
- Obtain from the customer the physical location at which the service will first be used, so that emergency services personnel will be able to locate any customer dialing 911. Plus, provide one or more easy ways for their customers to update the physical location they have registered with the provider, if it changes.
- Transmit all 911 calls, as well as a callback number and the caller’s registered physical location, to the appropriate emergency services call center or local emergency authority.
- Inform their customers of the capabilities and limitations of their VoIP 911 service.
- Obtain affirmative acknowledgement from all existing customers that they are aware of and understand the limitations of their 911 service.

If you have or are thinking of subscribing to an interconnected VoIP service, here are some helpful tips of things you can do to reduce possible risk:

- Provide your accurate physical address to your interconnected VoIP service provider to ensure that emergency services can

quickly be dispatched to your location.

- Be familiar with your VoIP service provider’s procedures for updating your address, and promptly update address information in the event of a change.
- Have a clear understanding of any limitations of your 911 service.
- Inform children, babysitters, and visitors about your VoIP service and its 911 limitations, if any.
- If your power is out or your Internet connection is down, be aware that your VoIP service may not work. Find out if backup is associated with your service. You may want to secure additional backup, such as a traditional or wireless phone.
- If you have questions about whether the phone service you are receiving is an interconnected VoIP service, contact your service provider.

To learn more about VoIP and 911 services or for a listing of VoIP providers who have filed with the FCC, please visit: www.voip911.gov/Consumers.html or call 1-888-225-5322



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Telephone Update: 801 Area Code Overlay is Coming Soon

The way customers dial a local call is about to change

On July 11, 2007, the Utah Public Service Commission issued an order approving the deployment of a new area code for use in the area presently served by the 801 area code. The area code, 385, will provide additional telephone numbers that are necessary to support the growth in the number of Utah residents. The new 385 area code will primarily affect residents in the following counties: Davis, Morgan, Salt Lake, Weber, and Utah.

As early as March 29, 2009, all new telephone numbers will be assigned with the new 385 area

code. This area code overlay will change the way customers dial a local call. Customers will be required to dial 10 digits for all local calls, whether the phone number they utilize is in the 801 area code or the new 385 area code.

The transition period begins June 1, 2008, with permissive dialing. During permissive dialing, calls can be dialed with either 7 or 10 digits. But after March 1, 2009, calls dialed with only 7 digits will not go through.

More information will be given

in our next spring issue on what you can do to get ready for the new area code change.

***The Committee of
Consumer Services is
a Utah state govern-
mental agency that
represents the inter-
ests of small business
owners, farmers and
ranchers, and resi-
dential consumers of
natural gas, electric,
& telephone utilities.***